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DEPT FOR EEB/TPP/MTAA/ABT JOHN MENARD
USTR FOR LESLIE O'CONNOR
USDA/FAS FOR RONALD LORD

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TAGS: EAGR ETRD WZ
SUBJECT: SWAZILAND DECLINES FY 2010 SUGAR QUOTA

REF: SECSTATE 106302

¶1. On October 27, PolOff delivered demarche per reftel to the Swaziland Sugar Association (SSA), Swaziland's official authority governing sugar exports. SSA CEO Mike Matsebula indicated in writing that, although Swaziland has always fulfilled the U.S. sugar quota in the past, it does not have plans to do so before March 31,
¶2010.

¶2. Mr. Matsebula told PolOff that changes in European Union sugar importation policies and in exchange rates made it more profitable for SSA to ship exports to the EU. He indicated that SSA may revisit its decision in February 2010.

¶3. The following is the text of the letter from CEO Matsebula on the decision.

Dear Sir,

Tariff Rate Quota (TRQ) for FY 2010

This letter follows on our meeting of 27 October 2009 and provides the response to the questions contained in your memo dated 27 October 2009 handed to us at the meeting. We note that the Swaziland TRQ for FY 2010 amounts to 16,849 metric tons raw value and we would like to express our gratitude to it. The Swaziland Sugar Association (SSA) is responsible for selling under the US TRQ.

We also note that the US FY ending 30 September 2010 overlaps with the SSA TY ending 30 March 2010. At the beginning of each FY, SSA determines the quantities to sell into its different markets. Thus, whilst SSA has made a determination for its FY ending 30 March 2010, it has not firmed it for the FY ending 30 March 2010 (which overlaps with six months of US FY 2010). In the past, SSA has always filled its TRQ.

Based on current information, SSA decided it will not be shipping the TRQ (or portion thereof) for FY 2010. However, in light of the overlap between the FYs for US and SSA, the situation will be assessed in February 2010 to determine whether this decision needs to be modified. If modified, it would be for implementation during the period April-September 2010.

Yours sincerely,

Mike Matsebula
Chief Executive Officer

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